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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000123

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SUBJECT: A QUIETLY CONFIDENT MA YING-JEOU ON REFERENDUM,
PRESIDENTIAL CAMPAIGN

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: In a meeting with the Director on January 24, KMT presidential candidate Ma Ying-jeou said the KMT would be willing to compromise with the DPP to defuse the UN referendum issue, but only if the DPP took the first step. Unfortunately, Ma continued, any DPP effort at compromise will likely be stymied by strong opposition from the deep-green base. The new crop of KMT legislators is better than the last, Ma remarked, and they will help him get elected. Ma does not want the KMT-dominated Legislative Yuan (LY) to be a do-nothing legislature, and will urge the KMT caucus to press the Chen administration for new bills to stimulate economic recovery and to increase government transparency. At the same time, Ma said that he is urging KMT LY members to be on their best behavior to avoid tarnishing the party's image. In reply to Ma's question during a brief one-on-one at the end of this session, the Director assured Ma that no asylum deal was in the works for President Chen. Ma told the Director he had agreed to presidential debates on February 22 and March 9, and was awaiting DPP presidential candidate Frank Hsieh's reply. End Summary.

¶2. (C) Ma told the Director that he and others in the KMT were initially "frightened" by the unexpected magnitude of the KMT's victory in the January 12 legislative elections. However, two weeks after the elections, KMT polls still show no sign of a "pendulum effect" in favor of DPP candidate Frank Hsieh (Chang-ting). In fact, said Ma, his polling numbers have dipped only slightly from their post-LY election high of 62 percent. Ma told the Director he hopes the KMT will use its newfound political power wisely, ushering in a "new era" in Taiwan politics.

Ma: DPP Must Take Initiative on UN Referendum Solution

¶3. (C) The KMT is still weighing its options with respect to the UN referenda issue, Ma told the Director. Ma acknowledged that KMT LY Speaker Wang Jin-pyng and other KMT leaders had recently discussed with DPP counterparts the possibility of "resolving" the UN referendum issue in advance of the March 22 presidential election. If this is to happen, however, the DPP must take the initiative. Ma explained that the KMT UN referendum is now part of his "campaign persona"

because voters overwhelmingly support the idea of Taiwan re-entering the UN. If the KMT were to be seen as leading the charge to shelve the referenda, Ma insisted, both he and the KMT would be open to accusations that they "do not stand up for Taiwan's interests." The DPP created the "referendum mess," insisted Ma, and should be responsible for "cleaning it up."

DPP Hamstrung By Deep-Greens?

14. (C) The UN referendum issue has now become a liability for the DPP, Ma argued. The dismal failure of the two referenda on January 12 strongly suggests the DPP and KMT UN referenda will also fail, even if they are held alongside the presidential election. If the DPP referendum fails, it would be an embarrassment for the DPP and a serious setback to the cause of Taiwan independence. The DPP is now considering a few options to prevent this from happening: hammering out a "compromise referendum" in the LY, holding the presidential election and referendum ballot on separate days, or postponing the referendum ballot indefinitely. The KMT LY caucus will not agree to a third referendum, stated Ma, but might consider a "face-saving" resolution obligating the LY to resolve the question of UN membership through future legislation. As long as the DPP takes the lead, the KMT would also be willing to "de-couple" the referenda from the presidential election, or to delay the referendum vote indefinitely. Unfortunately, any DPP effort at compromise will probably be stymied by strong opposition from the deep-green base, Ma predicted.

New And Improved KMT Caucus?

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15. (C) Ma expressed confidence that, in return for his vigorous campaigning on their behalf, the newly elected KMT legislators would rally around him for the remainder of the presidential campaign. Ma opined that this group of KMT legislators was of a higher caliber than their predecessors, and that they "seem to understand" the volatility of the current electoral situation and the need to project a professional image while "resisting DPP provocations." Ma stated that once the new LY is sworn in, he will urge the KMT caucus to press the executive branch for proposals to stimulate economic recovery and increase government transparency.

Debates Still Undecided

16. (C) Ma indicated he had agreed to two presidential debates, one on February 24 and a second on March 9. Frank Hsieh has not yet responded to Ma's proposal. The Director asked if the subject matter of the debates had been hammered out, since Hsieh seemed anxious to include discussion of the economy and cross-strait issues. Ma was somewhat vague on this topic.

Aside With The Director

17. (C) The Director asked for a few minutes alone with Ma at the end of the meeting. He first noted that the unfortunate leak to the media of notes from Vincent Siew's private December meeting with AIT Chairman Burghardt underscored the importance of respecting the privacy of our contacts. While we were not blaming Siew for this mishap, the U.S. wanted to strengthen respect for confidentiality in our dealings with our Taiwan friends in the future, including with the next administration. This had been a problem of late with the Chen administration, for example. Ma said he fully agreed and expressed his party's regret over the Siew leak.

¶8. (C) Ma then posed a question to the Director. He had heard rumors that some sort of deal had been reached between the USG and President Chen, whereby America would grant asylum to Chen after he leaves office in return for some political restraint on the Taiwan leader's part between now and the end of his term. Director forcefully rebutted this tale, saying he had absolutely no sense that any such deal had been raised. If it had been, the U.S. would certainly not be interested. Any such arrangement flies in the face of America's respect for Taiwan's democracy and legal system.

¶9. (C) The Director then reiterated that America's strong respect for Taiwan's democracy mandates our strict neutrality in the upcoming presidential elections. We stand ready to work productively with whomever the Taiwan people elect. That said, there will be strong emphasis on repairing the damaged relations between America and Taiwan with the next administration. AIT and Washington look forward to working with the president-elect both as he prepares to take office, and following his inauguration on May 20, 2008. Ma committed to working closely with us on restoring the full vitality of the relationship if he is elected.

Comment

¶10. (C) Ma exuded a quiet confidence during our meeting. Despite his professed caution, he seemed energized and optimistic about his chances in March's election, and for good reason. Things do seem to be breaking Ma's way, following his second acquittal, a resounding KMT victory in the LY, and the apparent backfire of the once-feared DPP UN referendum strategy. With the presidential election still 57 days away, Hsieh and the DPP still have enough time to turn the tide. Ma's principal challenge will be to contain growing exuberance within a KMT eager to return to power, and to prevent the missteps it is likely to cause.
YOUNG